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September 12, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

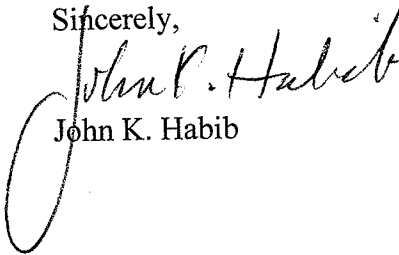
Re: Investigation by the Department of Telecommunications and Energy on its Own Motion to Increase the Participation Rate for Discounted Electric, Gas and Telephone Service, Pursuant to G.L. c. 159, § 105 and G.L. c. 164, § 76, D.T.E. 01-106/D.T.E. 05-55

Dear Ms. Cottrell:

Please find attached the responses of Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company, d/b/a NSTAR Electric, and NSTAR Gas Company (with NSTAR Electric, the "Companies"), to the First Set of Information Requests issued by the Department of Telecommunications and Energy (the "Department"), as listed on the following page. Responses to the remainder of the Department's First Set of Information Requests were filed on Friday, September 9.

Thank you for your attention to this matter. Please contact me or David Rosenzweig if you have any questions.

Sincerely,



John K. Habib

Enclosures

cc: Jeanne Voveris, Hearing Officer
Elizabeth Cellucci, Hearing Officer
Service List, D.T.E. 01-106

INFORMATION REQUEST RESPONSES ATTACHED

DTE-1-1

DTE-1-2

DTE-1-3

DTE-1-8

DTE-1-9

Information Request DTE-1-1

On an individual company basis, please provide the amount of low-income discount that is currently included in base rates. Provide a citation to the company's last base rate proceeding or settlement where this amount was established. Provide the number of customers on each low-income discount rate at the end of the test year that was used in the company's last base rate proceeding or settlement. Provide the number of customers on each low-income discount rate as of August 1, 2005. In addition, provide the total consumption of the low-income customers for each low-income rate class.

Response

The requested information is provided in the following tables:

Boston Edison

Rate	Discount (\$000) D.P.U. 92-92	Source	Customers D.P.U. 92-92	Customers 8/1/2005	MWh 8/1/2005
R-2(R1)	\$4,863	D.P.U. 92-92 Compliance Filing, Attachment C, pp. 3- 4, 10-12	33,590	27,370	145,719
R-2(R3)	\$377	Same as above	1,375	2,138	21,867

Commonwealth Electric

Rate	Discount (\$000) D.P.U. 90-331	Source	Customers D.P.U. 90-331	Customers 8/1/2005	MWh 8/1/2005
R-2	\$2,364	D.P.U. 90-331 Compliance Filing, Schedule 4	15,450	17,182	94,661
R-2(seas)	\$2.8	Same as above	20	115	625
R-4	\$702	Same as above	1,990	1,542	19,486

Cambridge Electric

Rate	Discount (\$000) D.P.U. 92-250	Source	Customers D.P.U. 92-250	Customers 8/1/2005	MWh 8/1/2005
R-2	\$312	D.P.U. 92-250 Compliance Filing, Schedule 4	2,621	1,458	6,333
R-4	\$41	Same as above	178	78	628

NSTAR Gas

Rate	Discount (\$000) D.P.U. 91-60	Source	Customers D.P.U. 91 60	Customers 8/1/2005	Therms 8/1/2005
R-2	\$85	D.P.U. 91-60 Compliance Filing, Schedule 4	1,750	1,508	354K
R-4	\$3,120	Same as above	17,718	16,995	15,863K

Information Request DTE-1-2

On an individual company basis, please provide the amount of low-income discount that was included in base rates when the company's rates were unbundled. Also, provide the number of customers on each low-income discount rate as of the date that the company's rates were unbundled.

Response

The following tables provide the information requested.

Boston Edison Company

Rate	Discount (\$000)	Customers	MWh
Rate R-2(R1)	\$4,691	29,102	128,447
Rate R-2(R3)	\$701	1,999	22,726

Commonwealth Electric

Rate	Discount (\$000)	Customers	MWh
Rate R-2	\$2,412	17,071	82,058
Rate R-2(seas)	\$1.3	20	25
Rate R-2(seas opt)	\$4.6	26	126
Rate R-4	\$574	2,101	26,789

Cambridge Electric

Rate	Discount (\$000)	Customers	MWh
Rate R-2	\$216	1,806	7,258
Rate R-4	\$16	60	523

NSTAR Gas

Rate	Discount (\$000)	Customers	Therms
Rate R-2	\$70	1,262	271K
Rate R-4	\$2,852	15,694	17,305K

Information Request DTE-1-3

Please discuss which interest rate is appropriate to apply to any over- or under-recovery that results from a cost recovery mechanism.

Response

As is the case with many of the Company's adjustment clauses (see, e.g., Boston Edison Company, M.D.T.E. No. 109 [Pension/PBOP Adjustment Mechanism], NSTAR Gas Company, M.D.T.E. No. 401 [Seasonal Cost of Gas Adjustment Clause]), the Company has proposed that over-collections and under-recoveries for its revenue adjustment mechanism be based upon the prime rate as in effect from time to time, as reported by the Bank of America in Boston.

Information Request DTE-1-8

For each of the last twelve months, please provide the total number of low-income customers, the number of customers added to the low-income discount rate in each month and the number of customers removed from the low-income discount rate in each month.

Response

Please see Attachment DTE-1-8 for the low-income customer counts by Company and month.

Presently, the Company does not have a mechanism to track the number of “drops” or “adds,” only the net impact by Company by month. The Company’s Information Technology and Billing departments are studying the costs and resource allocation necessary to develop a tracking system in order to perform this analysis on a going-forward basis.

NSTAR Electric and Gas					
Low Income Analysis					
<u>LI Customers</u>					
<u>Month</u>	<u>BECO</u>	<u>COM</u>	<u>CAMB</u>	<u>GAS</u>	<u>Total</u>
Aug-04	35,547	20,367	1,502	17,963	75,379
Sep-04	35,376	20,518	2,004	16,946	74,844
Oct-04	33,880	20,012	1,628	16,632	72,152
Nov-04	30,431	19,149	1,593	16,225	67,398
Dec-04	26,811	16,808	1,383	16,594	61,596
Jan-05	25,149	17,120	1,469	17,230	60,968
Feb-05	26,153	18,394	1,488	17,638	63,673
Mar-05	27,419	18,874	1,520	18,125	65,938
Apr-05	30,925	18,929	1,516	18,488	69,858
May-05	28,222	18,296	1,530	18,520	66,568
Jun-05	29,312	19,965	1,558	18,600	69,435
Jul-05	29,444	18,928	1,533	18,372	68,277

Information Request DTE-1-9

Please discuss in detail how the proposed cost recovery mechanism will operate. For example, how will the proposed mechanism address a situation in which a customer leaves the low-income rate two months after being signed up through the computer matching program? In addition, will the companies track the actual shortfall in each month that results from the low-income matching program?

Response

The Company will track on a monthly basis the usage, discount amount and eligibility of the individual customers enrolled under the low-income matching program. This information will be used to reconcile revenue from the low-income cost recovery rate with actual discount revenue from such incremental low-income customers.

The Company believes that using the specific number of incremental customers added to the low-income rate from the EOHHS enrollment process is the proper basis for computing the revenue adjustment mechanism. It is the most accurate measure of determining the level of revenues lost as a result of the computer matching process. As the Department stated in authorizing the development of a revenue adjustment mechanism in D.T.E. 01-106B, the reconciliation factor should be "based on the difference between the total forecasted lost revenues associated with the low-income discount and the amount of the low-income subsidy, adjusted for any changes in sales and the number of low-income customers as of the effective date of the computer matching program." *Id.* at 9-10. Thus, the Department directed that the factor should be based upon the number of low-income customers added from the EOHHS enrollment process, rather than adjusting for the normal ebb and flow in the number of low-income customers between base rate cases.